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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 02/20/08

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Atago had obligation under law to avoid collision

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Destroyer became aware of boat only two minutes before collision

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- (2) Unified DVD standards good news for consumers

Nikkei:

- (1) Toshiba's decision on DVD business
- (2) Lessons not learned from Natasha accident

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- (1) Aegis accident: MSDF lacks sense of intensity
- (2) Personnel selection for key positions requiring Diet approval

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- (1) Aegis collision should not have occurred
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Akahata:

- (1) Aegis destroyer had obligation to avoid collision

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, February 19

NIKKEI (Page 2) (Full)
February 20, 2008

08:00

Met with Chief Cabinet Secretary Machimura, Land, Infrastructure and Transport Minister Fuyushiba and Defense Minister Ishiba in the Diet building. Attended meeting of ministers-related to pension-records mess. Attended cabinet meeting afterward. Machimura remained.

09:26

Met at Kantei with Deputy Chief Cabinet Secretary Ono, followed by Deputy Chief Cabinet Secretary Futahashi.

10:23

Met with LDP Upper House Chairman Otsuji, followed by former Saitama Gov. Tsuchiya. Met later with Vice Foreign Minister Yabunaka, followed by Special Advisor Ito.

12:04

Met with Machimura.

13:02

Attended Lower House plenary session.

15:58

Met with LDP National Strategy Headquarters Secretary General Sugiura.

16:07

Met at Kantei with Ishiba, Vice Defense Minister Masuda and MSDF

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Chief of Staff Furukawa.

17:30

Attended IT Strategy Headquarters meeting.

18:40

Met Small and Medium-sized Enterprises Research Commission Chairman Kaneko, followed by New Komeito leader Ota and Small and Medium-sized Enterprises Revitalization Headquarters chief Shirahama.

19:29

Met editorial writers of various media companies at ANA Intercontinental Hotel Tokyo.

21:07

Returned to his official residence.

4) MOD's poor communication system again exposed; Prime minister not informed of Aegis accident for 120 minutes, defense minister for 90 minutes

YOMIURI (Page 3) (Full)
February 20, 2008

The Aegis collision incident exposed the Ministry of Defense's delay in transmitting information, as seen in the fact that it took an hour and a half to make its initial report on the incident to Defense Minister Shigeru Ishiba and two hours to Prime Minister Yasuo Fukuda.

What is especially problematic is the fact that it took 50 minutes to report on the matter to the defense minister after its initial report to the Maritime Staff Office. MOD press officer Toyoda explained in a press conference yesterday: "It was because the officer in charge made contact with the vice minister and bureau chief in stages after confirming the facts."

According to the vice-defense minister notification regulations on accidents, the Staff Offices of the Ground, Maritime, and Air Self-Defense Forces or the Joint Staff are required to report minor accidents to the defense minister via internal bureaus. In the case of a major accident, they are required to report directly to the defense minister within one hour by skipping internal bureaus. In the wake of the Aegis accident yesterday, the Maritime Staff Office reported it only to internal bureaus, as in the case with a minor accident.

Given the situation, Prime Minister Fukuda yesterday morning ordered relevant government offices to speed up communication. Defense Minister Ishiba called last evening Vice-Defense Minister Kohei Masuda to the Prime Minister's Office (Kantei) and reprimanded him, saying: "Information reached me quite late. It was extremely bad."

Ishiba then said to the press: "I don't expect real-time information, but information must reach me in about 10 minutes. I would like to enforce a system in which an initial report doesn't have to be that accurate." The prime minister emphatically said last night: "It took too long for information to reach the cabinet minister in charge. The system must be corrected. I want the SDF and the Defense Ministry to seriously think about what is really important."

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A delay in communication within MOD has long been regarded as a problem. When a Chinese Navy nuclear submarine entered waters near Ishigaki Island, Okinawa Prefecture, in 2004, it took the then Defense Agency chief nearly three hours to issue an order for maritime security operations due to a delay in reporting the incident to him.

The fact that information on the underreported fuel Japan provided to a U.S. supply ship in the Indian Ocean had not gone beyond the responsible division also came to light last year. In the wake of former Vice-Defense Minister Takemasa Moriya's lavish entertainment, including golf outings, by a defense contractor, Defense Minister Ishiba has decided to require all senior ministry officials carry GPS-equipped cell phones as part of his effort to improve the internal communication system. But changing the nature of MOD does not seem easy.

5) Fukuda again to blame

MAINICHI (Page 2) (Full)
February 20, 2008

The Atago, an Aegis-equipped destroyer of the Maritime Self-Defense Force, collided with a fishing boat early yesterday in Pacific waters off Chiba Prefecture, causing the boat to capsize and leaving its two crewmen missing. The accident will likely be a serious blow to Prime Minister Yasuo Fukuda, with his cabinet's support rate edging down. The government, belated in taking initial action, is now being called into question over its planned reform of the Defense Ministry under the initiative of the prime minister's office or Kantei. Fukuda has been trying to boost his government. However, he is now saddled with another difficult problem.

Last week, the Kantei launched new advisory panels and announced their members in an aim to make an appeal on Fukuda's initiative.

In January, Fukuda addressed the Diet with his policy speech, advocating his idea of "consumer-oriented administration." The Kantei has now set up an advisory panel of experts to study this idea, and its first meeting was held on Feb. 12. On the following day, Feb. 13, Fukuda appointed former Financial Services Minister Tatsuya Ito as his special advisor for social security. In addition, Japan this summer will host the Group of Eight (G-8) summit at Toyako (Lake Toya) in Hokkaido. With this forthcoming event in mind, the Kantei will launch another advisory panel this week to discuss global warming countermeasures.

The accident occurred just when the Kantei was about to gear up to turn Fukuda's administration around, complicating his efforts before they could even start.

Defense Minister Shigeru Ishiba was informed of the accident one and a half hours after its occurrence. Fukuda was notified two hours later. Chief Cabinet Secretary Nobutaka Machimura, meeting the press yesterday, reiterated that Fukuda gave the order for rescue. In the sea, however, rescue activities had been going on without the prime minister's order for as long as two hours.

In November 2004, a Chinese nuclear-powered submarine was spotted violating Japan's territorial waters. In that event as well, the government had a problem with its communication. In September 2005,

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the then Defense Agency issued a notification of reporting guidelines under the name of its administrative deputy director general (vice minister). The notification expressly stipulated that the Self-Defense Forces must report any serious incident or accident from SDF officers in charge to the defense minister via his secretary. If the Defense Ministry had followed this regulation, the

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report this time could have been shortened by nearly one hour.

The Kantei is to blame for the belated action. In this case, the Defense Ministry and the MSDF are expected to be directly under fire. However, rapid communication is on the agenda of an advisory panel that was set up at the Kantei in December last year for a reform of the Defense Ministry. The government's failure to communicate without delay this time shows that the panel's discussions under the Kantei's initiative have produced no results.

Ishiba called on Fukuda at the Kantei yesterday evening. Ishiba then reported a plan to create a system for the GSDF, MSDF, and ASDF chiefs of staff to contact the defense minister in an emergency. However, it was too late.

6) Aegis ship hits boat: Concern accident could lower already sagging cabinet support ratings; Opposition parties determined to pursue crisis management

YOMIURI (Page 4) (Full)
February 20, 2008

A delay in reporting the collision caused by the Maritime Self-Defense Force's Aegis-equipped destroyer to Prime Minister Fukuda has revealed that the government's crisis management system is insufficient. Voices concerned about the possibility that this could further lower already-sluggish cabinet approval ratings are growing in the ruling parties. The opposition camp is determined to pursue the defectiveness of the government's crisis-management system and to shed light on the cause of the accident.

One senior official of the Liberal Democratic Party (LDP) yesterday impatiently said, "The accident will affect national sentiment. If it becomes clear that the prime minister lacks leadership ability, cabinet support rates will drop 5 points or so at once." Some ruling party members said that the accident occurred at the worst possible time for the administration, as the prime minister had just launched efforts to set up an experts' council to come up with his own policy in line with the administration's slogan of "administration for working people and consumers." If he comes under fire for his response to the accident, his efforts to place his imprint on the administration would come to nothing.

Reflecting a sense of alarm, criticism of the Defense Ministry dominated a meeting of the LDP General Council. Secretary General Ibuki demanded detailed accounts from a bureau director general representing the Defense Ministry. When he explained what happened, participants voiced criticism.

Alert to the possibility of the opposition parties' pursuit of responsibility reaching the prime minister and Defense Minister Ishiba, the ruling parties stressed that though there was a delay in the report, the prime minister properly gave an order to rescue the victims.

In response, Democratic Party of Japan (DPJ or Minshuto) President

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Ozawa pointed out, "Something that should not have happened has occurred. The government's emergency communication system is not working in the communications area or on any front." Regarding the defense minister's responsibility, he simply said, "He is no doubt responsible. However, there are various ways for him to take responsibility."

The predominant view at a meeting of the DPJ's Foreign Affairs and Defense Division was that the delay in the report revealed the

government's crisis control system is unreliable.

7) Flaws in communications network exposed by Aegis destroyer's collision with fishing boat; criticism erupts over MOD's slow response; crisis management questioned

NIKKEI (Page 2) (Full)
February 20, 2008

With the collision yesterday of the Aegis destroyer Atago and a fishing boat, the government was busy holding meetings to deal with the accident. Meanwhile, the accident exposed flaws in the government's communications network for emergencies, with a first report of the accident to Defense Minister Shigeru Ishiba being delayed. Depending on the cause of the accident, the defense minister may be forced to take responsibility. The opposition parties are gearing up to grill the government over its initial insufficient response to the accident, together with the series of scandals involving the Ministry of Defense (MOD). The Aegis collision is certain to deal a blow to the Fukuda administration.

"Indeed, the report on the collision came too late. Why did it happen? We need to investigate it," Prime Minister Yasuo Fukuda said in a firm tone in response to questions from the press corps at the Prime Minister's Official Residence (Kantei) yesterday evening. The defense minister was informed of the collision one hour and 30 minutes after it happened, and the prime minister two hours afterward. According to aides to the prime minister, Fukuda learned of the collision at around 6:00 a.m. at the Kantei residence. Around when TV news programs reported on the collision, Fukuda was informed by his secretary about the accident. Reportedly, at the time Fukuda told his secretary in an angry voice: "Why did the report come so late?"

The collision is the first test of the Fukuda administration's crisis management capability. The moment he received the first report of the accident, Fukuda instructed relevant ministries and agencies via his secretary to "make every effort to search for missing fishermen." At 8:00 a.m., Fukuda called Chief Cabinet Secretary Nobutaka Machimura, Ishiba, Minister of Land,

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Infrastructure and Transport Tetsuzo Fuyushiba to the Diet for emergency consultation. Machimura moved up his regular press briefing and emphasized that the government intends to quickly rescue the missing fishermen.

The Aegis accident, however, will be certain to have a negative impact on the government as the cause of the accident is investigated and if the Self-Defense Forces' (SDF) initial response is found to be problematic. MOD and the SDF have been already plagued by a series of scandals, including former Vice Defense Minister Takemasa Moriya's bribe-taking, information leakage on the Aegis system, and the correction of the amount of fuel supplied by a Maritime Self-Defense Force (MSDF) vessel to other countries'

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vessels in the Indian Ocean. In addition, the approval ratings for the Fukuda cabinet have been trending downward. Concern is growing that the accident will affect management of the government.

Even in the ruling bloc, there was an eruption of criticism. At a joint session of the ruling Liberal Democratic Party's (LDP) National Defense Department and other committees, severe views were voiced by participants with one member arguing, "(The SDF) will lose the public's confidence because of the succession of scandals." Another participant noted, "Such an accident defies common sense." The junior coalition partner New Komeito's Representative Akihiro Ota, after meeting with Fukuda at the Kantei, told the press: "The most serious problem was that the first report came too late."

Similar accidents have occurred in the past. One was the collision of the MSDF's submarine Nadashio and a fishing boat in July 1988. Another was the collision of the U.S. nuclear-powered submarine and the training boat Ehime-maru.

In the case of the Nadashio accident, then Defense Agency Director-General Tsutomu Kawara resigned to take responsibility. When the Ehime-maru collision occurred, then Prime Minister Yoshiro Mori came under heavy fire for continuing to play golf even after learning of the collision. Depending on how this case unfolds, the Fukuda administration may come under fire for its inability to work out any effective measure to deal with various problems involving MOD and the SDF. In this sense, the Fukuda administration is faced with a new destabilizing factor.

8) DPJ to pursue defense minister's responsibility

NIKKEI (Page 2) (Excerpts)
February 20, 2008

At a press briefing yesterday, Ichiro Ozawa, president of the major opposition Democratic Party of Japan (DPJ), spoke of Defense Minister Shigeru Ishiba's responsibility for yesterday's collision involving an Aegis destroyer and firmly noted: "We need to inquire about why it occurred. No doubt he is responsible for it." Referring to the delayed notification in the government, Ozawa said: "A quick response system in emergencies has not yet been established in every aspect." Ozawa went on to say: "The Constitution has no provision for crisis management. Since the war, Japan has lacked a sense of crisis management."

9) USFJ slaps curfew on all troops in Okinawa, Iwakuni

ASAHI (Page 1) (Full)
February 20, 2008

In the wake of an Okinawa-based U.S. Marine's alleged rape of a junior high school girl and other incidents, U.S. Forces Japan announced yesterday evening that U.S. military personnel and others belonging to U.S. military bases in Okinawa Prefecture and in the city of Iwakuni, Yamaguchi Prefecture, will be prohibited from going out of their respective bases for the time being from 7:30 a.m. today. This action follows a series of incidents brought about by U.S. servicemen in Japan. In addition, USFJ also said it had designated Feb. 22 as a "day of reflection" for all U.S. troops in Japan.

The USFJ-announced curfew has been imposed on U.S. military

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personnel and others living on the premises of U.S. military bases in Okinawa Prefecture and in the city of Iwakuni, according to USFJ and the Foreign Ministry. Their off-base activities will be limited to minimum necessary places like workplaces, chapels, schools, and medical facilities.

U.S. servicemen and other U.S. military personnel living in off-base housing are also mandated to stay on base, except for driving or using a taxi between their bases and houses, according to USFJ and the Foreign Ministry. The curfew is indefinite.

On Feb. 20, designated as a day of reflection, USFJ will scale back on training and other programs within a scope which will not affect its operations. All U.S. troops in Japan will be urged to think of their professionalism.

The curfew this time will be imposed on about 30,000 U.S. military personnel, USFJ said.

10) USFJ designates February 22 as "day of reflection"

YOMIURI (Page 38) (Abridged slightly)
February 20, 2008

In the wake of a series of incidents, including the alleged sexual assault (on Feb. 10) by a U.S. Marine in Okinawa, U.S. Forces Japan announced yesterday that it will impose a curfew for the time being on all Army, Navy, Air Force, and Marine service members in Okinawa starting on the morning of Feb. 20. Although a curfew banning going out at night has been imposed in the past, the one this time is unusually strict, allowing even service members living off base to

commute only between their bases and homes, regardless of the time.

Also designating February 22 as a "day of reflection," USFJ decided to require all service members in Japan to confirm their strict observance of discipline. The U.S. military also released a statement yesterday reading: "Commander Bruce Wright will immediately respond to any unacceptable conduct by U.S. service members in cooperation with the Japanese government. All U.S. service members must act responsibly even while off duty."

11) Sub-cabinet-level meeting on gas fields: Yabunaka to visit China starting on Feb. 22

YOMIURI (Page 4) (Full)
February 20, 2008

It has been confirmed that Vice Foreign Minister Mitoji Yabunaka will visit China on Feb. 22-23 to hold sub-cabinet-level talks with his counterpart Wang Yi. The aim is to undertake coordination of views on the joint development of gas fields in the East China Sea in the run-up to Chinese President Hu Jintao's visit to Japan slated for April.

The Japanese government will call on China to include in a sea area subject to joint development not only the Japanese side of the Japan-China median line but also the Chinese. Talks with China, which is reluctant to accept the proposal, are expected to be confrontational. Concerning the tainted Chinese-made gyoza, both countries will confirm cooperation in the investigation into the cause of the incident. Chinese State Councilor Tang Jiaxuang will visit Japan today and discuss that and other issues with Prime

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Minister Fukuda.

12) DPJ's Ozawa off to Seoul today

ASAHI (Page 4) (Full)
February 20, 2008

Democratic Party of Japan (DPJ or Minshuto) President Ichiro Ozawa will visit South Korea today to meet tomorrow with President-elect Lee Myung Bak. He is expected to exchange views with Lee on the East Asia situation, including the Korean Peninsula, ahead of Prime Minister Yasuo Fukuda, who will visit Seoul to attend the inauguration of President Lee on Feb. 25. Attention is fixed on whether Ozawa will be more specific on the issue of whether to give permanent foreign residents suffrage in local elections, over which there remain different views in the DPJ.

Ozawa will visit South Korea for the first time since he assumed his present post. Asked by reporters about his planned meeting with Lee, Ozawa said yesterday: "In the world, Japan and South Korea share many common things. Cooperating based on a relationship of trust is extremely effective." He is expected to exchange views on the issue of suffrage for permanent foreign residents, as well as North Korea's nuclear program and the Chinese economy. He will also give a keynote speech at a symposium in which former U.S. Secretary of State Henry Kissinger and others will take part.

13) Lower House begins debate on provisional tax rates

ASAHI (Page 4) (Full)
February 20, 2008

The House of Representatives yesterday started debate on tax reform-related bills, which include measures to retain for another 10 years the provisional gas and other auto-related taxes. The focus is on whether the ruling and opposition camps will be able to reach a conclusion by the end of March on the bills following the mediation by the leaders of the two Diet chambers. However, maneuvering between the ruling parties and the largest opposition Democratic Party of Japan (DPJ or Minshuto) has continued over whether the DPJ will agree to hold consultations on revising the bills by presenting its own counterproposals and over whether the bills will be amended at the Lower House or House of Councillors.

When asked in yesterday's Lower House Budget Committee session about the possibility of revising the government's bills, Prime Minister Yasuo Fukuda responded: "The opposition camp should present its own bill if it wants to revise the government's bills. Vice President Katsuya Okada said: "If we agree to implement the present road construction plan, the road plan will naturally not be completely implemented." A senior DPJ member, however, argued: "If we show our bill in detail, the ruling camp would attack us, arguing that it will be impossible to build road under the DPJ's plan." As it stands, there remain the two views in the largest opposition party.

The ruling coalition will be forced to make tough decisions on whether to secure a time for deliberations on revising the bills at the Upper House by getting them through the Lower House as early as in February as the provisional taxes will expire at the end of March and on whether to agree to revise them at the Lower House, assuming that deliberations will be dragged out at the opposition-controlled Upper House.

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In yesterday's Lower House plenary session, the opposition bloc pursued the way of using revenue from the gasoline and other auto-related taxes. DPJ's Shinichiro Furumoto stated: "Without even making an estimate, a ten-year road construction plan has been decided." Fukuda repeatedly answered: "About 10 more years are needed for the road construction."

In a meeting of the Lower House Financial Affairs Committee held after the plenary session, the DPJ called on the government to present policy assessments, which are preconditions for a mid-term plan of the 10-year road construction program, Finance Minister Fukushima Nukaga responded: "Policy assessments are not carried out on individual items. We will assess through annual budget compilation from now on." Debate became tangled since the DPJ was not satisfied with the answers. After a long interruption, the session ended before the scheduled time.

14) LDP, DPJ unable to move to revise bill amending taxation law, with some voicing opposition

MAINICHI (Page 2) (Full)
February 20, 2008

The focus of attention in deliberations on a bill amending the Special Taxation Measures Law is on whether a conclusion would be reached by the end of this fiscal year in accordance with a proposal made by the heads of both houses of the Diet. On whether to revise the bill, both the Liberal Democratic Party (LDP) and the Democratic Party of Japan (DPJ) remain unable to reach an agreement, as some members are against it.

LDP House of Councillors Diet Affairs Committee Chairman Seiji Suzuki said in a press conference yesterday: "The idea of revising the bill has not been talked about. I have heard nothing about it from the House of Representatives, so I do not have the idea in mind." The ruling camp is aiming to get the tax bill through the Lower House by the end of this month in order to pass the bill and the budget bill for fiscal 2008 within this fiscal year. Given the situation, revising the bill in the Lower House seems difficult. As such, the Upper House also finds it impossible to refer to revisions for now.

In the ruling camp, though, many members think it is necessary to make revisions in order to bring the DPJ into voting on the tax bill. Such suggestions are floating as shorting the period of extension of the current provisional tax rates from the proposed ten years to five years.

On the mid-term plan on road construction, for which 59 trillion yen is said to be needed over the next decade, LDP Policy Research Council Chairman Sadakazu Tanigaki hinted that the plan could be revamped, remarking: "It (59 trillion yen) is the upper limit. The amount could be reduced."

But many LDP members think that this "is not sufficient to draw out a flexible stance from the DPJ," as a senior LDP Policy Research Council member said. Reflecting such a view, some lawmakers are calling for adding more to the roughly 190 billion yen put in the general account. But some LDP members are expected to raise objections to a delay in road construction. At it stands, the ruling camp remains unable to unify views.

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In the DPJ, there are also members who publicly assert that the provisional tax rates should be maintained. But a party executive is trying to forestall the ruling bloc by saying: "If full discussion is not conducted, the conditions set in the proposal by the speakers from both houses will not be satisfied."

15) Government puts off cabinet decision on bill on airport ownership to March, reflecting split

MAINICHI (Page 2) (Full)
February 20, 2008

The government decided yesterday to put off to March a cabinet decision on a bill amending the Airport Improvement Law to limit foreign stakes in airport operators. The decision reflects growing dissent from some cabinet members. Chief Cabinet Secretary Nobutaka Machimura tried to solicit an agreement, but he failed to iron out differences between the Ministry of Land, Infrastructure, & Transportation, which calls for restrictions by emphasizing security, and the Financial Services Agency, which voices concern about a decline in foreign direct investment. The issue is likely to bog down.

The Transport Ministry is developing a bill to limit the voting rights of foreign investors to less than one-third in such major airport operators as Narita International Airport Corp. and Japan Airport Terminal Co.

But Financial Services Minister Yoshimi Watanabe and other two cabinet ministers have expressed opposition to the bill. Concerned about the lack of unity in the cabinet, bureau directors of relevant government agencies are now restudying the bill under the lead of Machimura.

SCHIEFFER